

BOARD OF EDUCATION

**Kenneth Bell
Rose Brooks-Mitchell
Reyna Diaz
Frank Figueroa
Pam Kawasaki**



DUARTE UNIFIED SCHOOL DISTRICT

**1620 HUNTINGTON DRIVE, DUARTE, CA 91010
Phone (626) 599-5000 – Fax (626) 599-5069**

May 5, 2011

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

The Honorable Board of Supervisors
County of Los Angeles
c/o Olga Castaneda, Head, Board Specialist
383 Hall of Administration
500 W. Temple Street
Los Angeles, CA 90012

64 MAY 31, 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

**Re: Duarte Unified School District, Election of 2010 General
Obligation Bonds Series A and Series B: Request to the Los
Angeles County Board of Supervisors to Levy Taxes and to
Direct the Auditor-Controller to Place Taxes on Tax Roll.**

Dear Supervisors:

On November 2, 2010 the electorate of the Duarte Unified School District (the "District") authorized the District to issue bonds in the aggregate principal amount of up to \$62,000,000. At this time, the District has authorized and intends to issue a portion of said authorized bonds in an aggregate initial principal amount of not to exceed \$21,000,000 to be designated "Duarte Unified School District Election of 2008 General Obligation Bonds, Series A" and "Duarte Unified School District Election of 2008 General Obligation Bonds, Series B" (the "Bonds"). This action was approved by resolution adopted by the Board of Education of the District on April 7, 2011, pursuant to Section 53506 *et seq.* of the California Government Code and other applicable provisions of law, a copy of which is enclosed.

The District formally requests, in accordance with Education Code Section 15250 and other applicable provisions of law, that the Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles (the "County") adopt the enclosed resolution on May 17, 2011, to levy the appropriate taxes for the payment of the Bonds and to direct the Auditor-Controller of the County to place these taxes on the tax roll every year according to a debt service schedule and instructions that will be provided upon the sale of the Bonds, currently scheduled to occur in June 2011.

IT IS THEREFORE REQUESTED THAT:

1. The Board of Supervisors adopt the enclosed resolution (the "Resolution") on May 17, 2011. (Two originals are enclosed which have been approved as to form by County Counsel.)

2. After the Board of Supervisors has taken action on this letter, the District requests that the Clerk of the Board of Supervisors furnish two (2) certified copies of the Resolution to:

David Casnocha
Stradling Yocca Carlson and Rauth
44 Montgomery Street, Suite 4200
San Francisco, CA 94104

and send one (1) copy of the Resolution to each of the following:

Los Angeles County Treasurer and Tax Collector
Attention: John Patterson
500 W. Temple Street, Suite 437
Los Angeles, CA 90012

Los Angeles County Auditor-Controller
Attention: Jackie Guevarra
500 W. Temple Street, Suite 603
Los Angeles, CA 90012

Los Angeles County Counsel ATTN:
Cammy DuPont
500 W. Temple Street, Room 648
Los Angeles, CA 90012

Sincerely,

DUARTE UNIFIED SCHOOL DISTRICT

By: _____



Dr. Nancy Nien
Assistant Superintendent, Business Services

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF LOS ANGELES, CALIFORNIA AUTHORIZING THE
LEVY OF TAXES FOR GENERAL OBLIGATION BONDS OF THE
DUARTE UNIFIED SCHOOL DISTRICT, DESIGNATING THE
PAYING AGENT THEREFOR AND DIRECTING THE COUNTY
AUDITOR-CONTROLLER TO MAINTAIN TAXES ON THE TAX
ROLL**

WHEREAS, a duly called election was held in the Duarte Unified School District (the "District"), Los Angeles County (the "County"), State of California on November 2, 2010 and thereafter canvassed pursuant to law;

WHEREAS, at such election there was submitted to and approved by an affirmative vote of the requisite fifty-five percent vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of \$62,000,000 payable from the levy of an *ad valorem* tax against the taxable property in the District (the "Authorization");

WHEREAS, the Board of Education (the "School Board") of the District has determined in a resolution adopted on April 7, 2011 (the "District Resolution") to issuance and sale of the first and second series of bonds under the Authorization in an aggregate principal amount not-to-exceed \$21,000,000 and styled as "Duarte Unified School District (Los Angeles County, California) Election of 2010 General Obligation Bonds, Series A" (the "Series A Bonds") and "Duarte Unified School District (Los Angeles County, California) Election of 2010 General Obligation Bonds, Series B" (the "Series B Bonds" together with the Series A Bonds, the "Bonds") pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Section 53506) of the California Government Code (the "Bond Law");

WHEREAS, pursuant to Bond Law, the Bonds are authorized to be issued by the District for purposes set forth in the ballot submitted to voters at the Election, including the funding of a technology endowment;

WHEREAS, the School Board desires to apply the proceeds from the sale of the Series B Bonds to fund a technology endowment, and all investment of such series B Bond proceeds may be subject to certain requirements and restrictions, as further described in the District Resolution;

WHEREAS, the District Resolution formally requests the Board to permit the District to issue Bonds on its own behalf, to levy taxes in an amount sufficient to pay the principal of and interest on the Bonds when due, and to direct the County Auditor-Controller (the "Auditor-Controller") to maintain on its tax roll, and all subsequent tax rolls, taxes sufficient to fulfill the requirements of the debt service schedule for the Bonds that will be provided to the Auditor-Controller by the District following the sale of the Bonds;

WHEREAS, the County Treasurer and Tax Collector (the "Treasurer") has been designated by the District to act as the authenticating agent, bond registrar, transfer agent and paying agent (collectively, the "Paying Agent") for the Bonds pursuant to District Resolution,

and the District has consented to the Treasurer's contracting with a third party to perform the services of Paying Agent.

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. Issuance of Bonds. That pursuant to Section 15140(b) of the California Education Code, the County is granted the power to and hereby approves the issuance of the Bonds by the District on its own behalf under the Bond Law.

SECTION 2. Levy of Taxes. That this Board levy taxes in an amount sufficient to pay the principal of and interest on the Bonds.

SECTION 3. Preparation of Tax Roll. That the Auditor-Controller is hereby directed to maintain on its tax roll, and all subsequent tax rolls, taxes in an amount sufficient to fulfill the requirements of the debt service schedule for the Bonds, which will be provided to the Auditor-Controller by the District following the sale of the Bonds.

SECTION 4. Paying Agent. That the Treasurer act as initial Paying Agent for the Bonds. The Treasurer is authorized to contract with a third party to perform Paying Agent services.

SECTION 5. Effective Date. That this Resolution shall take effect immediately upon its passage.

The foregoing resolution was adopted on the 31st day of May, 2011, by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

SACHI A. HAMAI, Executive Officer-Clerk
of the Board of Supervisors of the County of
Los Angeles

By: Sachelle Smitherman

DEPUTY

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN
COUNTY COUNSEL

By: Andrea Sheridan Ordin

Principal Deputy County Counsel



RESOLUTION NO. 23-10-11

**A RESOLUTION OF THE BOARD OF EDUCATION OF THE DUARTE
UNIFIED SCHOOL DISTRICT, LOS ANGELES COUNTY, CALIFORNIA,
AUTHORIZING THE ISSUANCE OF DUARTE UNIFIED SCHOOL
DISTRICT (LOS ANGELES COUNTY, CALIFORNIA) ELECTION OF 2010
GENERAL OBLIGATION BONDS, SERIES A AND SERIES B, AND
ACTIONS RELATED THERETO**

WHEREAS, a duly called election (the "Election") was held in the Duarte Unified School District (the "District"), Los Angeles County (the "County"), State of California, on November 2, 2010, at which the following proposition (the "Bond Measure") was submitted to the qualified electors of the District:

"Measure E: To improve learning in neighborhood schools and attract/ retain quality teachers by upgrading classroom technology, improving facilities that prepare Duarte students for college/ high demand jobs, repairing aging roofs, plumbing, restrooms and electrical systems, improving school security/ safety systems, renovating, acquiring, constructing/ equipping classrooms, sites, facilities and schools, shall Duarte Unified School District issue \$62 million of bonds at legal rates, with independent citizens' oversight, mandatory annual audits, no money for administrators' salaries and all funds staying local?"

WHEREAS, at the Election, the Bond Measure received the affirmative vote of fifty-five percent or more of the voters of the District voting on the proposition (the "Authorization"), as certified by the Registrar of Voters of the County of Los Angeles in the official canvassing of votes;

WHEREAS, at this time this Board has determined that it is necessary and desirable to issue the first and second series of such bonds under the authorization in a combined aggregate principal amount not-to-exceed \$21,000,000 to be styled as "Duarte Unified School District (Los Angeles County, California) Election of 2010 General Obligation Bonds, Series A" and "Duarte Unified School District (Los Angeles County, California) Election of 2010 General Obligation Bonds, Series B" or such other designation or designations as are specified in the Purchase for the Bonds (the "Bonds"); and

WHEREAS, pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"), the Bonds are authorized to be issued by the District for purposes set forth in the ballot submitted to the voters at the Election, including the funding of a technology endowment.

WHEREAS, this Board desires to apply the proceeds from the sale of the Series B Bonds to fund a technology endowment, necessitating the expenditure of such proceeds without regard to the Internal Revenue Code restrictions on the timing of expenditure of tax-exempt bond proceeds, as further described herein;

WHEREAS, this Board desires to authorize the issuance of the Bonds in one or more series of taxable or tax-exempt bonds, and further as any combination of current interest bonds, capital appreciation bonds, or convertible capital appreciation bonds;

WHEREAS, the District has not received a qualified or negative certification in its most recent interim report;

WHEREAS, this Board desires to appoint certain professionals to provide services related to the issuance of the Bonds; and

WHEREAS, all acts, conditions and things required by law to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of general obligation bonds of the District, and the indebtedness of the District, including this proposed issue of Bonds, is within all limits prescribed by law;

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED BY THE BOARD OF EDUCATION OF THE DUARTE UNIFIED SCHOOL DISTRICT, LOS ANGELES COUNTY, CALIFORNIA, AS FOLLOWS:

SECTION 1. Authorization for Issuance of the Bonds. To raise money for the purposes authorized by the voters of the District at the Election (the "Projects"), and to pay all necessary legal, financial, engineering and contingent costs in connection therewith, the Board hereby authorizes the issuance of the Bonds in two series of bonds, with appropriate series designation pursuant to the Government Code Act in one or more series of taxable or tax-exempt bonds, with appropriate designation if more than one series is issued, and as any combination of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds (as such terms are defined herein), set forth in the fully-executed Purchase Contract (defined herein). The Board further orders such Bonds sold such that the Bonds shall be dated as of a date to be determined by the Board, shall be payable upon such terms and provisions as shall be set forth in the Bonds, and shall be in an aggregate principal amount not-to-exceed \$21,000,000.

SECTION 2. Paying Agent. This Board does hereby appoint the Los Angeles County Treasurer and Tax Collector, as authenticating agent, bond registrar, transfer agent and paying agent (collectively, the "Paying Agent") for the Bonds on behalf of the District. The Treasurer is authorized to contract with any third party to perform the services of Paying Agent under this Resolution. This Board hereby approves the payment of the reasonable fees and expenses of the Paying Agent as they shall become due and payable.

SECTION 3. Terms and Conditions of Sale. The Bonds shall be sold upon the direction of the Superintendent or the Assistant Superintendent, Business Division of the District, or such other officers or employees of the District as the Superintendent may designate (collectively, the "Authorized Officers"). The Board hereby authorizes the sale of the Bonds at a negotiated sale, which is determined to provide more flexibility in the timing of the sale, an ability to implement the sale in a shorter time period, an increased ability to structure the Bonds to fit the needs of particular purchasers, and a greater opportunity for Piper Jaffray & Co. (the "Underwriter") to pre-market the Bonds to potential purchasers prior to the sale, all of which will contribute to the District's goal of achieving the lowest overall cost of funds. The Bonds shall be sold pursuant to the terms and conditions set forth in the Purchase Contract, as described below.

SECTION 4. Approval of Purchase Contract. The form of Bond Purchase Contract (the "Purchase Contract") by and between the District and the Underwriter, for the purchase and sale of the Bonds, substantially in the form on file with the Secretary or Clerk to the Board, is hereby approved and the Authorized Officers, each alone, are hereby authorized and requested to acknowledge the execution of such Purchase Contract; provided, however, that the maximum interest rate on the Bonds shall not exceed the maximum rate permitted by law and the Underwriter's discount, excluding original issue discount and expenses and costs of issuance paid by the Underwriter, thereon shall not exceed 1.8% of the aggregate principal amount of Bonds issued. The Authorized Officers, each alone, are further authorized to determine the principal amount of the Bonds to be specified in the Purchase Contract for sale by the District up to \$21,000,000 and to enter into and execute the Purchase Contract with the Underwriter, if the conditions set forth in this Resolution are satisfied. The Board estimates that the costs associated with the issuance of the Bonds, including compensation to the Underwriter and any such costs which the Underwriter agrees to pay pursuant to the Purchase Contract (excluding fees of the Bond Insurer, if any), will equal approximately 2.5% of the principal amount of the Bonds.

SECTION 5. Certain Definitions. As used in this Resolution, the terms set forth below shall have the meanings ascribed to them (unless otherwise set forth in the Purchase Contract):

(a) **"Accreted Interest"** means, with respect to Capital Appreciation Bonds and Convertible Capital Appreciation Bonds prior to the Conversion Date, the Accreted Value thereof minus the Principal Amount thereof as of the date of calculation.

(b) **"Accretion Rate"** means, unless otherwise provided by the Purchase Contract, that rate which, when applied to the Principal Amount of a Capital Appreciation Bond or a Convertible Capital Appreciation Bond prior to the Conversion Date, and compounded semiannually on each February 1 and August 1 (commencing on August 1, 2011), produces the Maturity Value on the maturity date (with respect to Capital Appreciation Bonds) and the Conversion Value on the Conversion Date (with respect to Convertible Capital Appreciation Bonds).

(c) **"Accreted Value"** means, as of the date of calculation, with respect to Capital Appreciation Bonds and Convertible Capital Appreciation Bonds prior to the Conversion Date, the Principal Amount thereof plus Accreted Interest thereon to such date of calculation, compounded semiannually on each February 1 and August 1, commencing on August 1, 2011 (unless otherwise provided in the Purchase Contract) at the stated Accretion Rate thereof, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of 12, 30-day months.

(d) **"Bond Insurer"** means any insurance company which issues a municipal bond insurance policy insuring the payment of Principal, Conversion Value and Maturity Value of and interest on the Bonds.

(e) **"Bond Payment Date"** means (unless otherwise provided by the Purchase Contract), February 1 and August 1 of each year commencing August 1, 2011 with respect to the interest on the Current Interest Bonds and Convertible Capital Appreciation Bonds after the Conversion Date; August 1 of each year with respect to the principal payments on the Current Interest Bonds; and, with respect to the Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, the stated maturity dates thereof, as applicable.

(f) **“Capital Appreciation Bonds”** means the Bonds the interest component of which is compounded semiannually on each February 1 and August 1 (commencing on August 1, 2011 (unless otherwise provided in the Purchase Contract)) to maturity as shown in the table of Accreted Value for such Bonds in the Official Statement.

(g) **“Code”** means the Internal Revenue Code of 1986, as amended.

(h) **“Conversion Date”** means, with respect to Convertible Capital Appreciation Bonds, the date stated in the Purchase Contract as the date on which such Bonds, originally issued as Capital Appreciation Bonds, convert to Current Interest Bonds.

(i) **“Conversion Value”** means, with respect to Convertible Capital Appreciation Bonds, the Accreted Value as of the Conversion Date.

(j) **“Convertible Capital Appreciation Bonds”** means the Bonds which are originally issued as Capital Appreciation Bonds, but which convert to Current Interest Bonds on the Conversion Date.

(k) **“Current Interest Bonds”** means the Bonds the interest on which is payable semiannually on each Bond Payment Date specified for each such Bond as designated and maturing in the years and in the amounts set forth in the Purchase Contract.

(l) **“Depository”** means the securities depository acting as Depository pursuant to Section 6(c) hereof.

(m) **“DTC”** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as Depository.

(n) **“Fair Market Value”** means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

(o) **“Information Services”** means Financial Information, Inc.'s Daily Called Bond Service; Mergent, Inc.'s Called Bond Department; or Standard & Poor's J.J. Kenny Information Services' Called Bond Service.

(p) **“Maturity Value”** means the Accreted Value of any Capital Appreciation Bond on its maturity date.

(q) **“Non-AMT Bonds”** means obligations the interest on which is excludable from gross income for federal income tax purposes under Section 103(a) of the Code and not treated as an item of tax preference under Section 57(a)(5)(C) of the Code, that are legal investments pursuant to Section 53601 of the Government Code of the State of California.

(r) **“Nominee”** means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 6(c) hereof.

(s) **“Official Statement”** means the Official Statement for the Bonds, as described in Section 17 hereof.

(t) **“Participants”** means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

(u) **“Paying Agent”** means Los Angeles County Treasurer and Tax Collector or any successor thereto, acting as the authenticating agent, bond registrar, transfer agent and paying agent for the Bonds

(v) **“Permitted Investments”** means (i) any lawful investments permitted by Section 16429.1 and Section 53601 of the Government Code, including Non-AMT Bonds and Qualified Non-AMT Mutual Funds, (ii) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in investments permitted by Section 53635 of the Government Code, but without regard to any limitations in such Section concerning the percentage of moneys available for investment being invested in a particular type of security, (iii) a guaranteed investment contract with a provider rated in at least the second highest category by each rating agency then rating the Bonds and approved by the Bond Insurer, if any, (iv) the Local Agency Investments Fund of the California State Treasurer, (v) the county investment pool maintained by the Treasurer-Tax Collector of the County, and (vi) State and Local Government Series Securities.

(w) **“Principal”** or **“Principal Amount”** means, with respect to any Current Interest Bond, the principal or principal amount thereof, with respect to any Capital Appreciation Bond or any Convertible Capital Appreciation Bond, the initial principal amount thereof.

(x) **“Qualified Non-AMT Mutual Fund”** means stock in a regulated investment company to the extent that at least 95% of the income of such regulated investment company is interest that is excludable from gross income under Section 103 of the Code and not an item of tax preference under Section 57(a)(5)(C) of the Code.

(y) **“Qualified Permitted Investments”** means (i) Non-AMT Bonds, (ii) Qualified Non-AMT Mutual Funds, (iii) other Permitted Investments authorized by an opinion of Bond Counsel to the effect that such investment would not adversely affect the tax-exempt status of the Bonds, and (iv) Permitted Investments of proceeds of the Bonds, and interest earned on such proceeds, held not more than thirty days pending reinvestment or Bond

redemption. A guaranteed investment contract or similar investment agreement (e.g. a forward supply contract, GIC, repo, etc.) does not constitute a Qualified Permitted Investment.

(z) **“Rating Agencies”** means Standard & Poor’s Rating Services and Moody’s Investors Service.

(aa) **“Record Date”** means the 15th day of the month preceding each Bond Payment Date.

(bb) **“Securities Depository”** means The Depository Trust Company, 55 Water Street, New York, New York 10041, Tel: (212) 855-1000 or Fax: (212) 855-7320.

(cc) **“Taxable Bonds”** means any Bonds not issued as Tax-Exempt Bonds.

(dd) **“Tax-Exempt Bonds”** means any Bonds the interest in which is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax, as further described in an opinion of Bond Counsel supplied to the original purchasers of such Bonds.

(ee) **“Term Bonds”** means those Bonds for which mandatory redemption dates have been established in the Purchase Contract.

(ff) **“Transfer Amount”** means, (i) with respect to any Outstanding Current Interest Bond, the Principal Amount, (ii) with respect to any Outstanding Capital Appreciation Bond, the Maturity Value, and (iii) with respect to any Outstanding Convertible Capital Appreciation Bonds, the Conversion Value.

(gg) **“Treasurer”** means the Treasurer-Tax Collector of Los Angeles County.

SECTION 6. Terms of the Bonds.

(a) **Denomination, Interest, Dated Dates.** The Bonds shall be issued as fully registered bonds registered as to both Principal and interest, in the following denominations: (i) with respect to the Current Interest Bonds, \$5,000 principal Amount or any integral multiple thereof, (ii) with respect to the Capital Appreciation Bonds, \$5,000 Maturity Value, or any integral multiple thereof, and (iii) with respect to Convertible Capital Appreciation Bonds, \$5,000 Conversion Value or any integral multiple thereof. The Bonds shall bear or accrete interest at a rate or rates such that the interest rate shall not exceed that authorized by law. The Bonds will initially be registered to “Cede & Co.”, the Nominee of the Depository Trust Company, New York, New York.

Each Current Interest Bond shall be dated their date of delivery (the “Dated Date”), and shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of the Record Date next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date, in which event it shall bear interest from its Dated Date. Interest shall be payable on the respective Bond Payment Dates and shall be calculated on the basis of a 360-day year of 12, 30-day months.

Each Capital Appreciation Bond shall be dated, and shall accrete interest from, its date of initial delivery. Capital Appreciation Bonds will not bear interest on a current basis, The Capital

Appreciation Bonds shall mature in the years, shall be issued in aggregate Principal Amounts, shall have Accretion Rates and shall have denominations per each \$5,000 in Maturity Value as shown in the Accreted Value Table attached to the Official Statement. The Convertible Capital Appreciation Bonds shall mature in the years, shall be issued in the aggregate Principal Amounts, shall have Accretion Rates and shall have denominations per each \$5,000 in Conversion Value as shown in such Accreted Value Table; provided, that in the event that the amount shown in such Accreted Value Table and the Accreted Value caused to be calculated by the District and approved by the Bond Insurer, if any, by application of the definition of Accreted Value set forth in Section 4 differ, the latter amount shall be the Accreted Value of such Capital Appreciation Bond or Convertible Capital Appreciation Bond, as applicable.

The Convertible Capital Appreciation Bonds shall convert to Current Interest Bonds on the Conversion Date. During the period while the Convertible Capital Appreciation Bonds are in the form of Capital Appreciation Bonds, they will not bear interest but will accrete value through the Conversion Date. From and after the Conversion Date, the Convertible Capital Appreciation Bonds will bear interest as Current Interest Bonds, and such interest will accrue based upon the Conversion Value of such Bonds at the Conversion Date. No payment will be made to the Owners of Convertible Capital Appreciation Bonds on the Conversion Date.

(b) Redemption.

(i) Terms of Redemption. The Bonds shall be subject to redemption prior to maturity as provided in the Purchase Contract or the Official Statement.

(ii) Selection of Bonds for Redemption. Whenever provision is made in this Resolution for the optional redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent identified below, upon written instruction from the District, shall select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that (A) the portion of any Current Interest Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof, (B) the portion of any Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000 Maturity Value thereof (except for one odd denomination if necessary), (C) and the portion of any Convertible Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000 Conversion Value thereof; and further provided that the Purchase Contract may provide that, within a maturity, Bonds shall be selected for redemption on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC Procedures, provided further that, such redemption is made in accordance with the operational arrangements of DTC then in effect.

(iii) Notice of Redemption. When redemption is authorized or required pursuant to Section 6(b) hereof, the Paying Agent, upon written instruction from the District, shall give notice (a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, the date of redemption, the place or places where the redemption will be made, including the name and address of the Paying Agent, the redemption price, the CUSIP numbers (if any) assigned to the Bonds to be redeemed, the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount, Conversion Value or Accreted Value of such Bond to be redeemed, and the original issue date, interest

rate or Accretion Rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued or accreted to the redemption date, and that from and after such date, interest with respect thereto shall cease to accrue or accrete.

The Paying Agent shall take the following actions with respect to such Redemption Notice:

(a) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the Bond Register.

(b) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Securities Depository.

(c) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services.

Neither failure to receive or failure to publish any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(iv) Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in Transfer Amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

(v) Effect of Notice of Redemption. Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside in the District's Debt Service Fund, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in Section 6(b) hereof, together with interest accrued to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue or accrete and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section 6 shall be cancelled upon surrender thereof and be delivered to or upon the order of the District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent.

(vi) Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity under the provisions of this Resolution, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held by the Paying Agent irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, in the case of Current Interest Bonds, accrued interest with respect thereto to the date fixed for redemption, all as provided in this Resolution, then such Bonds shall no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation.

(c) Book-Entry System.

(i) Election of Book-Entry System. The Bonds shall initially be delivered in the form of a separate single fully-registered bond (which may be typewritten) for each maturity date of such Bonds in an authorized denomination (except for any odd denomination Bond). The ownership of each such Bond shall be registered in the Bond Register (as defined below) in the name of the Nominee, as nominee of the Depository and ownership of the Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 6(c)(i)(4).

With respect to book-entry Bonds, the District and the Paying Agent shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Bonds. Without limiting the immediately preceding sentence, the District and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Bonds, (ii) the delivery to any Participant or any other person, other than an owner as shown in the Bond Register, of any notice with respect to book-entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Bonds to be prepaid in the event the District redeems the Bonds in part, or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to Accreted Value, Conversion Value, Principal, premium, if any, or interest on the book-entry Bonds. The District and the Paying Agent may treat and consider the person in whose name each book-entry Bond is registered in the Bond Register as the absolute owner of such book-entry Bond for the purpose of payment of Accreted Value, Conversion Value, or Principal of and premium and interest on and to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all Accreted Value, Conversion Value, or Principal of and premium, if any, and interest on the Bonds only to or upon the order of the respective owner, as shown in the Bond Register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of Accreted Value, Conversion Value, or Principal of, and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the Bond Register, shall receive a certificate evidencing the obligation to make payments of Accreted Value, Conversion Value, or Principal of, and premium, if any, and interest on the Bonds. Upon delivery by the Depository to the owner and the Paying Agent, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to the Record Date, the word Nominee in this Resolution shall refer to such nominee of the Depository.

1. Delivery of Letter of Representations. In order to qualify the book-entry Bonds for the Depository's book-entry system, the District and the Paying Agent shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the District or the Paying Agent any obligation whatsoever with respect to persons having interests in such book-entry Bonds other than the owners, as shown on the Bond Register. By executing a Letter of Representations, the Paying Agent shall agree to take all action necessary at all times so that the District will be in compliance with all representations of the District in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the District and the Paying Agent shall take such other actions, not inconsistent with this Resolution, as are reasonably necessary to qualify book-entry Bonds for the Depository's book-entry program.

2. Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for book-entry Bonds, or (ii) the District determines that continuation of the book-entry system is not in the best interest of the beneficial owners of the Bonds or the District, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered bond for each maturity date of such book-entry Bond, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (4) hereof. If the District fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such Bond Register in the name of the Nominee, but shall be registered in whatever name or names the owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of this Section 6(c).

3. Payments to Depository. Notwithstanding any other provision of this Resolution to the contrary, so long as all outstanding Bonds are held in book-entry and registered in the name of the Nominee, all payments by the District or the Bond Register with respect to Accreted Value, Conversion Value or Principal of and premium, if any, or interest on the Bonds and all notices with respect to such Bonds shall be made and given, respectively to the Nominees, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Paying Agent notwithstanding any inconsistent provisions herein.

4. Transfer of Bonds to Substitute Depository.

(A) The Bonds shall be initially issued as described in the Official Statement described herein. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(1) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to Section 6(c)(i)(4)(A)(2) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) to any Substitute Depository, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the District that DTC (or its successor) is no

longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) to any person as provided below, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the District that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(B) In the case of any transfer pursuant to Section 6(c)(i)(4)(A)(1) or (2), upon receipt of all outstanding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent designating the Substitute Depository, a single new Bond, which the District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Bonds then outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to Section 6(c)(i)(4)(A)(3), upon receipt of all outstanding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent, new Bonds, which the District shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the District, provided that the Paying Agent shall not be required to deliver such new Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the District.

(C) In the case of a partial redemption or an advance refunding of any Bonds evidencing a portion of the Maturity Value, Conversion Value or Principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Bonds indicating the date and amounts of such reduction in Maturity Value or Principal, in form acceptable to the Paying Agent, all in accordance with the Letter of Representations. The Paying Agent shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(D) The District and the Paying Agent shall be entitled to treat the person in whose name any Bond is registered as the owner thereof for all purposes of this Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Paying Agent or the District; and the District and the Paying Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Bonds. Neither the District nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Bonds, and the Paying Agent may rely conclusively on its records as to the identity of the owners of the Bonds.

SECTION 7. Execution of the Bonds. The Bonds shall be signed by the President of the Board, or other member of the Board authorized to do so by resolution of the Board, by their manual or facsimile signature and countersigned by the manual or facsimile signature of the Secretary to or Clerk of the Board, all in their official capacities. No Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Bond is signed by the Paying Agent as authenticating agent.

Authentication by the Paying Agent shall be conclusive evidence that the Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution.

SECTION 8. Paying Agent; Transfer and Exchange. So long as any of the Bonds remains outstanding, the District will cause the Paying Agent to maintain and keep at its principal office all books and records necessary for the registration, exchange and transfer of the Bonds as provided in this Section. Subject to the provisions of Section 9 below, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond for all purposes of this Resolution. Payment of or on account of the Principal, Conversion Value, or Accreted Value of and premium, if any, and interest on any Bond shall be made only to or upon the order of that person; neither the District nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in this Section. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the principal office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new bond or bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date. Capital Appreciation Bonds, Convertible Capital Appreciation Bonds and Current Interest Bonds may not be exchanged for one another.

If any Bond shall become mutilated, the District, at the expense of the Owner of said Bond, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like series, tenor and Transfer Amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Paying Agent of the Bond so mutilated. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Paying Agent and, if such evidence be satisfactory to the Paying Agent and indemnity for the Paying Agent and the District satisfactory to the Paying Agent shall be given by the owner, the District, at the expense of the Bond owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Paying Agent may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Paying Agent and the District). The Paying Agent may require payment of a reasonable fee for each new Bond issued under this paragraph and of the expenses which may be incurred by the District and the Paying Agent.

If manual signatures on behalf of the District are required in connection with an exchange or transfer, the Paying Agent shall undertake the exchange or transfer of Bonds only after the new Bonds are signed by the Authorized Officers of the District. In all cases of exchanged or transferred Bonds, the District shall sign and the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All fees and costs of transfer shall be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer.

All Bonds issued upon any exchange or transfer shall be valid obligations of the District, evidencing the same debt, and entitled to the same security and benefit under this Resolution as the Bonds surrendered upon that exchange or transfer.

Any Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer shall be cancelled by the Paying Agent. The District may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Bonds that the District may have acquired in any manner whatsoever, and those Bonds shall be promptly cancelled by the Paying Agent. Written reports of the surrender and cancellation of Bonds shall be made to the District by the Paying Agent as requested by the District. The cancelled Bonds shall be retained for two years, then returned to the District or destroyed by the Paying Agent as directed by the District.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 15th business day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

SECTION 9. Payment. Payment of interest on any Current Interest Bond on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by wire transfer or check mailed to such Owner on the Bond Payment Date at his address as it appears on such registration books or at such other address as he may have filed with the Paying Agent for that purpose on or before the Record Date. The Owner in an aggregate Principal Amount, Conversion Value or Maturity Value of One Million Dollars (\$1,000,000) or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal, and redemption premiums, if any, payable on the Current Interest Bonds, the Accreted Value and redemption premiums, if any, on the Capital Appreciation Bonds, and the Accreted Value, Conversion Value and redemption premiums, if any, on Convertible Capital Appreciation Bonds shall be payable upon maturity or redemption upon surrender at the principal office of the Paying Agent. The interest, Accreted Value, Conversion Value Principal and premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is hereby authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The Bonds are general obligations of the District and do not constitute an obligation of the County except as provided in this Bond Resolution. No part of any fund of the County is pledged or obligated to the payment of the Bonds.

SECTION 10. Forms of Bonds. The Bonds shall be in substantially the forms as set forth in Exhibit A hereto, allowing those officials executing the Bonds to make the insertions and deletions necessary to conform the Bonds to this Resolution and the Purchase Contract.

SECTION 11. Delivery of Bonds. The proper officials of the District shall cause the Bonds to be prepared and, following their sale, shall have the Bonds signed and delivered, together with a true transcript of proceedings with reference to the issuance of the Bonds, to the Underwriter upon payment of the purchase price therefor.

SECTION 12. Deposit of Proceeds of Bonds. (a) The proceeds from the sale of the Series A Bonds, to the extent of the Principal Amount thereof, shall be paid to the County to the credit of the fund hereby created and established and to be known as the "Duarte Unified School District Election of

2010 General Obligation Bonds, Series A Building Fund” (the “Series A Building Fund”). The proceeds from the sale of the Series B Bonds, to the extent of the Principal Amount thereof, shall be paid to the County to the credit of the Duarte Unified School District Election of 2010 General Obligation Bonds, Series B Building Fund (the “Series B Building Fund,” together with the Series A Building Fund, the “Building Funds”) of the District, shall be kept separate and distinct from all other District and County funds, and those proceeds shall be used solely for the purpose for which the Bonds are being issued and provided further that such proceeds shall be applied solely to authorized purposes which relate to the Projects. The Building Fund may contain subaccounts if the Bonds are issued in more than one series. The accrued interest and any premium received by the District or part of the purchase price of the sale of the Bonds shall be kept separate and apart in the fund hereby created and established and to be designated as the “Duarte Unified School District Election of 2010 General Obligation Bonds, Series A and Series B Debt Service Fund” (the “Debt Service Fund”) for the Bonds and used only for payment of Accreted Value, Conversion Value, or Principal of and interest on the Bonds. Interest earnings on moneys held in the Building Fund shall be retained in the Building Fund. Interest earnings on moneys held in the Debt Service Fund shall be retained in the Debt Service Fund. Any amounts that remain in the Building Fund at the completion of the Projects, at the written direction of the District, shall be transferred to the Debt Service Fund to be used to pay the Principal of, premium, if any, and interest on the Bonds, subject to any conditions set forth in the Tax Certificate. Any proceeds of the Bonds not needed for the authorized purposes set forth herein for which the Bonds are being issued or which are needed to maintain compliance with any tax rate constraints set forth in the Education Code Section 15270, shall be transferred to the Debt Service Fund and applied to the payment of Accreted Value, Conversion Value, or Principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the General Fund of the District.

(b) Moneys in the Debt Service Fund and the Series A Building Fund shall be invested at the written direction of the District, and after consultation with the County, in Permitted Investments. Moneys in the Series B Building Fund shall be expended without regard to the Internal Revenue Code “temporary period” restrictions, and all investment of such Series B Bond proceeds shall be subject to paragraph (1) below. The District, in consultation with the County, may provide for an agent to assist the District in investing funds pursuant to paragraph (1) below. If the District fails to direct such agent, the agent shall invest or cause the funds in the Series B Building Fund to be invested in Qualified Permitted Investments, subject to the provisions of paragraph (1) below, until such time as the District provides written direction to invest such funds otherwise. Neither the County nor its officers and agents, as the case may be, shall have any responsibility or obligation to determine the tax consequences of any investment. The interest earned on the moneys deposited to the Building Funds shall be applied as set forth in Section (c) below:

(1) Covenant Regarding Investment of Proceeds.

(A) Permitted Investments. Beginning on the delivery date, and at all times until expenditure for authorized purposes, not less than 95% of the proceeds of the Bonds deposited in the Series B Building Fund, including investment earnings thereon, will be invested in Qualified Permitted Investments which are rated in at least the second highest rating category by one of the two Rating Agencies. Notwithstanding the preceding provisions of this Section, for purposes of this paragraph, amounts derived from the disposition or redemption of Qualified Permitted Investments and held pending reinvestment or redemption for a period of not more than 30 days may be

invested in Permitted Investments. The District hereby authorizes investments made pursuant to this Resolution with maturities exceeding five years.

(B) Recordkeeping and Monitoring Relating to Building Fund.

i. Information Regarding Permitted Investments. The District hereby covenants that it will record or cause to be recorded with respect to each Permitted Investment in the Series B Building Fund the following information: purchase date; purchase price; information establishing the Fair Market Value of such Permitted Investment; face amount; coupon rate; periodicity of interest payments; disposition price; disposition date; and any accrued interest received upon disposition.

ii. Information in Qualified Non-AMT Mutual Funds. The District hereby covenants that, with respect to each investment of proceeds of the Bonds in a Qualified Non-AMT Mutual Fund pursuant to paragraph (1)(A) above, in addition to recording, or causing to be recorded, the information set forth in paragraph (1)(B)(i) above, it will retain a copy of each IRS information reporting form and account statement provided by such Qualified Non-AMT Mutual Fund.

iii. Monthly Investment Fund Statements. The District covenants that it will obtain, at the beginning of each month following the delivery date, a statement of the investments in the Series B Building Fund detailing the nature, amount and value of each investment as of such statement date.

iv. Retention of Records. The District hereby covenants that it will retain the records referred to in paragraph (1)(B)(i) and each IRS information reporting form referred to in paragraph (1)(B)(ii) with its books and records with respect to the Bonds until three years following the last date that any obligation comprising the Bonds is retired.

(C) Interest Earned on Permitted Investments. The interest earned on the moneys deposited in the Series B Building Fund shall be deposited in the Building Fund and used for the purposes of that fund.

Except as required to satisfy the requirements of Section 148(f) of the Code, interest earned on the investment of moneys held in the Debt Service Fund shall be retained in the Debt Service Fund and used by the County to pay the Accreted Value, Conversion Value or Principal of and interest on the Bonds when due.

SECTION 13. Rebate Fund. The following provisions shall apply to any Bonds issued as Tax-Exempt Bonds.

(a) The District shall create and establish a special fund designated the “Duarte Unified School District Election of 2010 General Obligation Bonds, Series A Rebate Fund” (the “Rebate Fund”). All amounts at any time on deposit in the Rebate Fund shall be held in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the “Rebate Requirement”) pursuant to Section 148 of the Code, and the Treasury Regulations promulgated thereunder (the “Treasury Regulations”). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and by the Tax Certificate to be executed by the District.

(b) Within 45 days of the end of each fifth Bond Year (as such term is defined in the Tax Certificate), (1) the District shall calculate or cause to be calculated with respect to the Series A Bonds the amount that would be considered the “rebate amount” within the meaning of Section 1.148-3 of the Treasury Regulations, using as the “computation date” for this purpose the end of such Bond Year, and (2) the District shall deposit to the Rebate Fund from amounts on deposit in the other funds established hereunder or from other District funds, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the “rebate amount” so calculated. The District shall not be required to deposit any amount to the Rebate Fund in accordance with the preceding sentence, if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the “rebate amount” calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section. The District shall not be required to calculate the “rebate amount” and shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Series A Bonds (including amounts treated as proceeds of the Series A Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the District under Section 148(f)(4)(C)(vii) of the Code to pay a one and one-half percent (1½%) penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a “bona fide debt service fund.” In such event, and with respect to such amounts, the District shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

(c) Any funds remaining in the Rebate Fund after redemption of all the Series A Bonds and any amounts described in paragraph (2) of subsection (d) of this Section, or provision made therefor satisfactory to the District, including accrued interest, shall be remitted to the District.

(d) Subject to the exceptions contained in subsection (b) of this Section to the requirement to calculate the “rebate amount” and make deposits to the Rebate Fund, the District shall pay to the United States, from amounts on deposit in the Rebate Fund,

(1) not later than 60 days after the end of (i) the fifth Bond Year, and (ii) each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the “rebate amount” calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and

(2) not later than 60 days after the payment of all Series A Bonds, an amount equal to 100% of the “rebate amount” calculated as of the date of such payment (and any income attributable to the “rebate amount” determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

(e) In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall calculate (or have calculated) the amount of such deficiency and deposit an amount equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(f) Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service, on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, such form to be prepared or caused to be prepared by the District.

(g) In the event that immediately following the calculation required by subsection (b) of this Section, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the "rebate amount" calculated in accordance with said subsection, the District may withdraw the excess from the Rebate Fund and credit such excess to the Debt Service Fund.

(h) The District shall retain records of all determinations made hereunder until three years after the complete retirement of the Series A Bonds.

(i) Notwithstanding anything in this Resolution to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Bonds.

SECTION 14. Security for the Bonds. There shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem* tax annually during the period the Bonds are outstanding in an amount sufficient to pay the principal, Conversion Value and Accreted Value of and interest on the Bonds when due, which moneys when collected will be placed in the Debt Service Fund of the District, which fund is irrevocably pledged for the payment of the principal, Conversion Value and Accreted Value of and interest on the Bonds when and as the same fall due.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal, Conversion Value and Accreted Value of and interest on the Bonds as the same become due and payable, shall be transferred by the Treasurer to the Paying Agent which, in turn, shall pay such moneys to DTC to pay the principal, Conversion Value and Accreted Value of and interest on the Bonds. DTC will thereupon make payments of principal, Conversion Value and Accreted Value and interest on the Bonds to the DTC Participants who will thereupon make payments of principal, Conversion Value and Accreted Value and interest to the beneficial owners of the Bonds. Any moneys remaining in the Debt Service Fund after the Bonds and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the General Fund of the District, pursuant to the Education Code Section 15234.

SECTION 15. Arbitrage Covenant. The District covenants that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary, so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code and the applicable regulations prescribed under that Section or any predecessor section. Calculations for determining arbitrage requirements are the sole responsibility of the District.

SECTION 16. Conditions Precedent. The Board determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

SECTION 17. Official Statement. The Preliminary Official Statement relating to the Bonds, substantially in the form on file with the Secretary to the Board is hereby approved and the

Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deliver such Preliminary Official Statement to Underwriter to be used in connection with the offering and sale of the Bonds. The Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deem the Preliminary Official Statement "final" pursuant to 15c2-12 of the Securities Exchange Act of 1934, prior to its distribution and to execute and deliver to the Underwriter a final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds and is directed to deliver copies of any final Official Statement to the purchasers of the Bonds. Execution of the Official Statement shall conclusively evidence the District's approval of the Official Statement.

SECTION 18. Insurance. In the event the District purchases bond insurance for the Bonds, and to the extent that the Bond Insurer makes payment of the principal, interest, Conversion Value or Accreted Interest on the Bonds, it shall become the owner of such Bonds with the right to payment of principal, interest, Conversion Value or Accreted Interest on the Bonds, and shall be fully subrogated to all of the Owners' rights, including the Owners' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims that were past due interest components, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books for the Bonds maintained by the Paying Agent upon receipt of a copy of the cancelled check issued by the Bond Insurer for the payment of such interest to the Owners of the Bonds, and (ii) in the case of subrogation as to claims for past due Principal, Conversion Value or Accreted Value, the Paying Agent shall note the Bond Insurer as subrogee on the registration books for the Bonds maintained by the Paying Agent upon surrender of the Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer.

SECTION 19. Defeasance. All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with the Paying Agent or an independent escrow agent selected by the District an amount of cash which together with amounts then on deposit in the Debt Service Fund (as hereinafter defined) is sufficient to pay all Bonds outstanding and designated for defeasance, including all principal, Conversion Value, Maturity Value, interest and premium, if any; or

(b) Government Obligations: by irrevocably depositing with the Paying Agent or an independent escrow agent selected by the District noncallable Government Obligations together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys then on deposit in the Debt Service Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal and interest represented thereby and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent or an independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of this

Section, to the owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

For purposes of this Section, Government Obligations shall mean:

Direct and general obligations of the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, or “prerefunded” municipal obligations rated in the highest rating category by Moody’s Investors Service or Standard & Poor’s. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (i) a bank or trust company acts as custodian and holds the underlying United States obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (iii) the underlying United States obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed “AAA” by Standard & Poor’s or “Aaa” by Moody’s Investors Service.

SECTION 20. Nonliability of County. Notwithstanding anything to the contrary contained herein, in the Bonds or in any other document mentioned herein, neither the County, nor its officials, officers, employees or agents shall have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby, the Bonds are not a debt of the County or a pledge of the County’s full faith and credit, and the Bonds and any liability in connection therewith shall be paid solely from the moneys of the District.

SECTION 21. Indemnification of County. The District shall defend, indemnify and hold harmless the County, its officials, officers, agents and employees (“Indemnified Parties”) against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Parties may become subject based in whole or in part upon any acts or omission related to the Bonds, except with regard to the County’s responsibilities under Section 23 hereof. The District shall also reimburse the Indemnified Parties for any legal or other costs and expenses incurred in connection with investigating or defending any such claims or liabilities.

SECTION 22. Reimbursement of County Costs. The District shall reimburse the County for all costs and expenses incurred by the County, its officials, officers, agents and employees in issuing or otherwise in connection with the Bonds.

SECTION 23. Request to County to Levy Tax. The Board of Supervisors and officers of the County are obligated by statute to provide for the levy and collection of property taxes in each year sufficient to pay all principal, Maturity Value, Conversion Value and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds. The District hereby requests the Board of Supervisors to annually levy a tax upon all taxable property in the District sufficient to pay all principal, Maturity Value, Conversion Value and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds.

SECTION 24. Other Actions. (a) Officers of the Board and District officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

(b) The Board hereby appoints Piper Jaffray & Co. as the Underwriter, Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel and Disclosure Counsel and Isom Advisors, a division of Urban Futures, as financial advisor, all with respect to the issuance of the Bonds.

(c) Notwithstanding any other provisions contained herein, the provisions of this Resolution as they relate to the Bonds may be amended by the Purchase Contract and the Official Statement.

SECTION 25. Resolution to County Treasurer-Tax Collector. The Secretary to this Board is hereby directed to provide a certified copy of this Resolution to the Treasurer immediately following its adoption.

SECTION 26. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate executed by the District and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. Noncompliance with this Section shall not result in acceleration of the Bonds.

SECTION 27. Effective Date. This Resolution shall take effect immediately upon its passage.

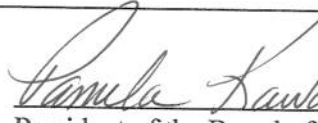
SECTION 28. Further Actions Authorized. It is hereby covenanted that the District, and its appropriate officials, have duly taken all actions necessary to be taken by them, and will take any additional actions necessary to be taken by them, for carrying out the provisions of this Resolution.

SECTION 29. Recitals. All the recitals in this Resolution above are true and correct and this Board so finds, determines and represents.

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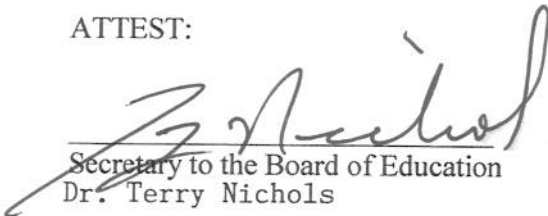
PASSED, ADOPTED AND APPROVED this 7th day of April, 2011, by the following vote:

AYES:	MEMBERS	<u>Bell, Brooks-Mitchell, Diaz, Figueroa, Kawasaki</u>
NOES:	MEMBERS	<u>0</u>
ABSTAIN:	MEMBERS	<u>0</u>
ABSENT:	MEMBERS	<u>0</u>



President of the Board of Education
Pam Kawasaki

ATTEST:



Secretary to the Board of Education
Dr. Terry Nichols

SECRETARY'S CERTIFICATE

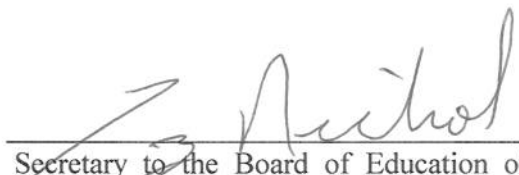
I, Dr. Terry Nichols, Secretary to the Board of Education of the Duarte Unified School District, Los Angeles County, California, hereby certify as follows:

The foregoing is a full, true and correct copy of a Resolution duly adopted at a regular meeting of the Board of Education of said District duly and regularly and legally held at the regular meeting place thereof on April 7, 2011, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office and the foregoing is a full, true and correct copy of the original Resolution adopted at said meeting and entered in said minutes.

Said Resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: April 7, 2011


Secretary to the Board of Education of the Duarte
Unified School District

BOARD OF EDUCATION

**Kenneth Bell
Rose Brooks-Mitchell
Reyna Diaz
Frank Figueroa
Pam Kawasaki**



DUARTE UNIFIED SCHOOL DISTRICT

**1620 HUNTINGTON DRIVE, DUARTE, CA 91010
Phone (626) 599-5000 – Fax (626) 599-5069**

I, Dr. Terry Nichols, Superintendent, of the Duarte Unified School District (the "District"), hereby certify that the attached Resolution No. 23-10-11 is a full, true and correct copy of such resolution and entered by the Board of Education (the "Board") of the District on April 7, 2011 as the same appears of record and on file in the office of the Clerk of said Board and that, as of the date hereof, such Resolutions were duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect as of the date hereof.

I further certify that the attached Resolution No. 23-10-11 was passed, adopted and approved on April 7, 2011 by a vote of 5 Ayes, 0 Noes, 0 Abstentions, and at which meeting all of the members of the Board of the District attended.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of May, 2011.

DUARTE UNIFIED SCHOOL DISTRICT

By: _____

Terry Nichols
Dr. Terry Nichols, Superintendent

Dr. Terry Nichols, Superintendent